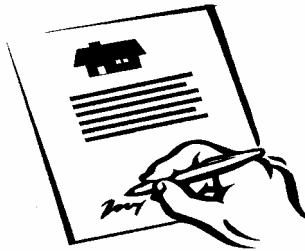




U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

PROTECT YOURSELF FROM PREDATORY LENDERS



Predatory lending is another term for loan fraud committed by mortgage lenders, home appraisers, or real estate professionals on consumers who are trying to buy a home, obtain re-financing or make improvements on their home. A bad loan obtained from a predatory lender may cause homeowners to lose their chance to buy a desired home, lose the equity in their current homes, or force them to sell their homes when they are unable to make loan payments.

HOW DO THEY DO IT? BEWARE OF THESE TACTICS:

- A lender or investor tells you that they are your only chance for getting a loan or owning a home. You should be able to take your time to shop around and compare prices and houses.
- The house you are buying costs a lot more than other homes in the neighborhood, but isn't any bigger or better.
- You are asked to sign a sales contract or loan documents that are blank or contain information that is not true.
- You are told that the Federal Housing Administration insurance protects you against property defects or loan fraud – it does not.
- The costs or loan terms at closing are not what you agreed to.
- You are told that refinancing can solve your credit or money problems.
- You are told that you can only get a good deal on a home improvement if you finance it with a particular lender.

REMEMBER

If a deal to buy, repair or refinance a house sounds too good to be true, it usually is!

BE A SMART CONSUMER

- Meet with a Homeownership Counselor. This service is usually free.
- Interview several real estate professionals (agents), and ask for and check references before you select one to help you buy or sell a home.
- Get information about the prices of other homes in the neighborhood. Don't be fooled into paying too much.
- Hire a housing inspector to inspect the property and examine the report carefully. It will disclose defects and repairs that the house needs. *You may require the seller to finish the repairs before you purchase the house. Remember that an appraisal is not the same as a home inspection.*
- Choose your own lender. Go shopping and compare costs. Be suspicious if anyone tries to steer you to a lender.
- Do NOT let anyone persuade you to make a false statement on your loan application, such as overstating your income, the source of your down payment, failing to disclose the nature and amount of your debts, or even how long you have been employed.
- Do NOT let anyone convince you to borrow more money than you know you can afford to repay. If you get behind on your payments, you risk losing your house and all of the money you put into your property.
- Never sign a blank document or a document containing blanks. If information is inserted by someone else after you have signed, you may still be bound to the terms of the contract. Insert "N/A" (i.e., not applicable) or cross through any blanks.
- Read everything carefully and ask questions. Do not sign anything that you don't understand. Before signing, have your contract and loan agreement reviewed by an attorney skilled in real estate law, consult with a trusted real estate professional or ask for help from a housing counselor with a HUD-approved agency.
- Be suspicious when the cost of a home improvement goes up if you don't accept the contractor's financing.

HUD approved housing counseling agencies can help you be a smart consumer. They provide free housing counseling services.

HUD-APPROVED HOUSING COUNSELING AGENCIES IN CT:

- **ACORN Housing**
Bridgeport (203) 366-4180
- **Bridgeport Neighborhood Trust**
Bridgeport (203) 332-7977
- **Catholic Charities**
New Haven (203) 777-6771
Norwich (860) 889-8346
- **Connecticut Housing Finance Authority**
Rocky Hill (860) 571-4396
- **Consumer Credit Counseling Service of Southern New England**

East Hartford, Milford, Danbury, Norwich and Stamford
1 (800) 208-2227

- **CO-OPPORTUNITY**
Hartford (860) 236-3617
- **Hartford Areas Rally Together**
Hartford (860) 525-3449
- **Hill Development Corporation of New Haven**
New Haven (203) 776-3759
- **Housing Development Fund**
Stamford & Danbury (203) 969-1830
- **Housing Education Resource Center**
Hartford (860) 296-4242
- **Neighborhood Housing Services**
New Britain (860) 224-2433
New Haven (203) 562-0598
Waterbury (203) 753-1896
- **Shiloh Development Corporation**
New London (860) 443-4462
- **Urban League of Greater Hartford**
Hartford (860) 527-0147

GETTING HELP

- **CT Dept. of Consumer Protection**
Hartford
(860) 713-6050
(860) 713-7240 (TDD)
www.state.ct.us/dcp
- **CT Department of Banking**
Hartford
(860) 240-8299
Toll Free: 1 (800) 831-7225
www.state.ct.us/dob
- **Federal Trade Commission**
www.ftc.gov

- **Info Line – 211**
211
Toll Free: 1 (800) 203-1234
www.infoline.org
- **Better Business Bureau Complaints**
complaint form
Wallingford (203) 269-2700
www.connecticut.bbb.org/commoncomplaint.html
- **Commission on Human Rights & Opportunities**
Hartford
(860) 541-3400
(860) 541-3459 (TDD)
1 (800) 477-5737
www.state.ct.us/chro
- **CT Fair Housing Center**
Hartford (860) 247-4400
New Haven (203) 772-3247
Toll Free: 1 (888) 247-4401
www.ctfairhousing.org

LEGAL ASSISTANCE

- **Statewide Legal Services of CT, Inc.**
Hartford and Middletown
(860) 344-0380
Toll Free: 1 (800) 453-3320
www.slsct.org
- **Greater Hartford Legal Aid**
(860) 541-5000
(860) 541-5069 (TDD)
www.ghla.org
- **New Haven Legal Assistance Association**
(203) 946-4811
www.nhlegal.org

www.hud.gov

www.espanol.hud.gov www.hud.gov/offices/hsg/pred/sfhpredlend.cfm



Equal Housing Opportunity

